



Quest

Newsletter



www.mefmaction.com

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The Canada Disability Benefit

Introduction

The Canada Disability Benefit Act received royal assent on June 22, 2023. The goals of the Canada Disability Benefit Act are to reduce poverty and to support the financial security of working-age persons with disabilities. It is supposed to be similar to the Guaranteed Income Supplement which provides additional payments to low income seniors who receive Old Age Security payments.

The Act sounds like a marvellous step forward for working-aged people in the ME/FM community who are struggling financially. In the long run it may turn out to be, but for now there is uncertainty. The legislation was referred to as “framework” legislation. It contains lots of good intentions but very few specifics. This newsletter speculates on how the program will unfold. Speculation. No guarantees.

Poverty can be an academic topic, but it can also be an emotional topic, especially for people experiencing poverty first-hand. We cannot assure you that this legislation will help you, but the National ME/FM Action Network can assure you that we are watching and we are trying to have your voice heard.

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Time Frame

Some people think that the first payments will be made in late 2024 or early 2025. There are two reasons to think this. Firstly, under section 11, the Minister responsible (currently Minister of Diversity, Inclusion and Persons with Disabilities, Kamal Khera) must report back on the progress being made in developing regulations by June 22, 2024 so the pressure is on. Secondly, the current government would want to have this program operating before the next federal election which must take place on or before October 20, 2025.

There is, however, a possibility that the program won't be ready by then. Not only do the regulations need to be developed but the costs of the program have to be included in the federal budget before payments are made.

Poverty Reduction Generally

Poverty reduction was a theme of the Liberal government elected in 2015. A report outlining poverty reduction strategies was published about 2 years later. Several graphics in this newsletter are taken from the report. <https://www.canada.ca/en/employment-social-development/programs/poverty-reduction/reports/strategy.html>.

By the time the report was released, the government had

- introduced a Canada Child Benefit (CCB) to give more money to needy families to help with the cost of raising children,
- increased the Guaranteed Income Supplement (GIS) for needy seniors, and
- introduced a Canada Workers Benefit (CWB) to help low-income working Canadians take home more money.

By their calculations, these initiatives lifted 521k (CCB), 57k (GIS) plus 74k(CWB) Canadians out of poverty.

A very important graphic from the report is shown on the next page. The top sections show that addressing poverty requires looking not only at money but looking at issues like food security, housing and health care as well. The bottom section focuses on money. It shows some of the groups which could be targeted with money payments. Persons with disabilities is one of the groups.

The government introduced a Poverty Reduction Act which passed in 2019. The Poverty Reduction Act did three things:

- specified an official poverty measure,
- set targets for poverty reduction, and
- established a national advisory council on poverty.

Measuring Poverty

The official poverty measure that was chosen in the Poverty Reduction Act is a "Market Basket Measure". Canada has described a specific basket of goods and services representing a modest, basic standard of living for a family of two adults and two children. The basket includes food, clothing, transportation, shelter and some other basic expenses.

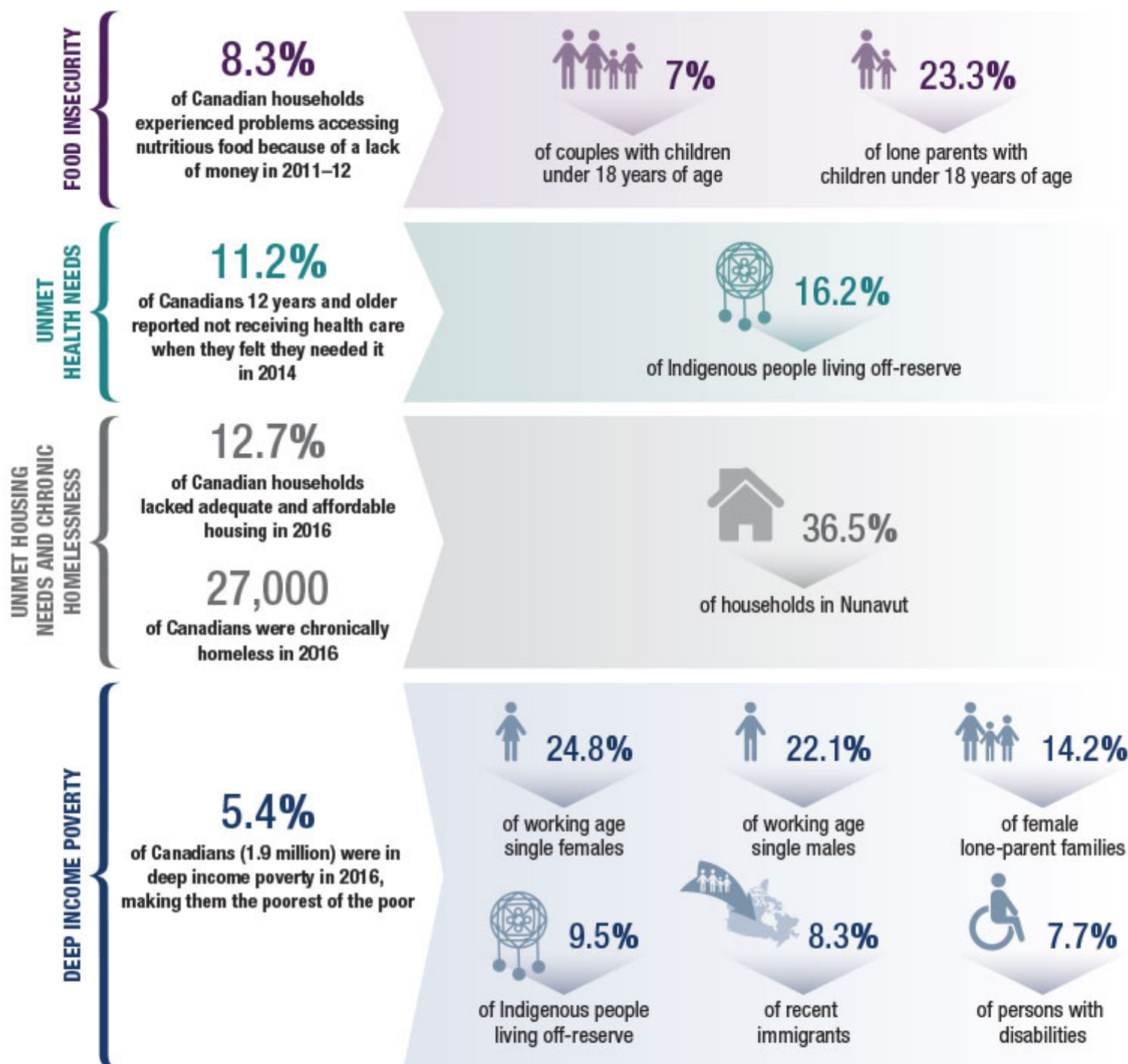
Using 2015 prices, Canada calculated how much such a basket would cost in 50 regions across the provinces. The graphic on page 5 shows the cost of the basket in 2015 in Winnipeg (\$36,544) broken down into the five components. The graphic on page 7 shows the cost of the overall basket in 2015 in 50 regions across the provinces.

Some additions and enhancements were made to the contents of the basket in 2018. This raised the cost of the basket. The new basket for Winnipeg would have cost \$42,179 in 2015, which is 15% more than the previous basket cost. Increasing the contents of the basket raised the poverty line and therefore the poverty rates. For example, the Canada poverty rate for 2015 was 12.1% under the older basket and 14.5% under the newer basket. Unfortunately, the graphics on pages 3, 5, and 7 were not updated. The newer basket is the one being used moving forward, so be aware that the figures in the graphics are not the latest ones.

Every year Canada updates the cost of the (newer) basket. You can see recent poverty line figures for all years and all locations here. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110006601> The 2022 figure for Winnipeg was \$50,942. Note that recent figures might change as more information comes available. Note also that figures are available for the Yukon and Northwest Territories from 2018 onward and that it is more expensive to live in the Territories.

Family size is taken into account when determining whether a family's income is above or below the poverty line. A single person is considered to have half the costs of a family of four. So, for example, the official poverty line for a single person in Winnipeg for 2022 was \$25,471. (Technically, you multiply the poverty level for a family

Dignity: Lift Canadians out of poverty by ensuring basic needs



Statistics for each indicator are based on most recent available data. Going forward, *Opportunity for All* will track progress relative to 2015 levels or available data that is closest in time to 2015. Further details on poverty reduction indicators are available in Annex 1 – The Statistical Fine Print. Canadians in deep income poverty have income that is below 75% of Canada's Official Poverty Line. Working age refers to individuals who are 18–64 years of age.

of four by half of the square root of the number of people in the family.)

Statistics Canada then compares the cost of the basket with the income of families in the regions to calculate a poverty rate. Family income includes employment income plus non-employment income like government transfers, and then non-discretionary spending like income tax and payroll taxes are subtracted.

The Canada Disability Benefit Act calls upon government to consider “the additional costs associated with living with a disability”. Examples of possible additional costs are care-giving services, medications, assistive devices and therapies and special housing needs not covered by other programs. Because these additional costs are so varied, it is not clear how government can fulfill this requirement within the time frame of the Canada Disability Benefit other than adding on a fixed amount. A separate program may be required.

Poverty Targets

The Poverty Reduction Act sets two targets -- that poverty will be

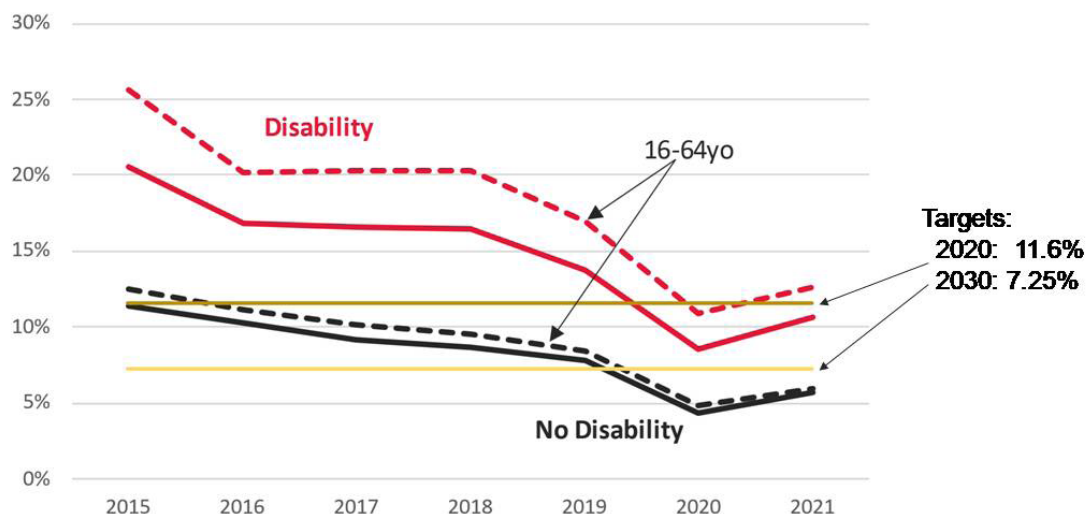
- 20% below the level of poverty in 2015 by 2020
- 50% below the level of poverty in 2015 by 2030.

Based on the 2018 adjusted basket, the poverty rate was 14.5% in 2015, which means the target poverty rates are 11.6 % by 2020 and 7.3% by 2030.

The 2020 observed rate of 6.4% not only met the 2020 goal, it met the 2030 goal as well. There were, of course, special circumstances. Covid payouts greatly influenced the 2020 figures. Not surprisingly, poverty levels rose between 2020 and 2021 as the Covid payments were reduced. This shows that reducing the poverty rate is possible, but long-term strategies are needed.

Here is a graph which shows the target rates (horizontal lines), and the poverty rates for disabled and non-disabled Canadians.

Recent poverty rates for those with and without disabilities

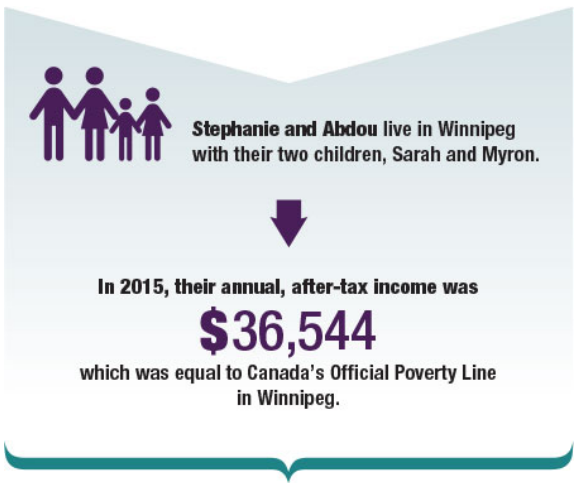


Note: Poverty measured using MBM; Data from Canadian Income Survey.

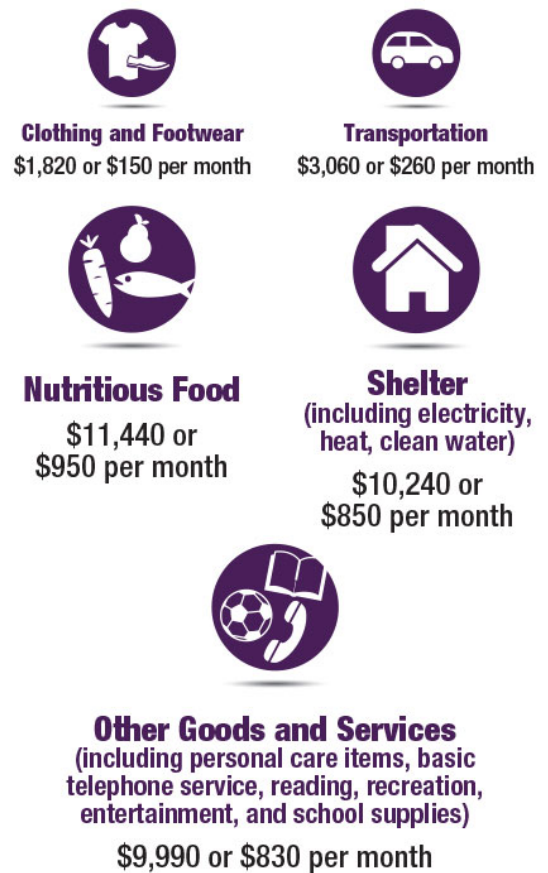
Source: [Table 11-10-0090-01 Poverty and low-income statistics by disability status](#)

Snapshot of Canada's Official Poverty Line in Winnipeg, Manitoba

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The **patterns of consumption** upon which Canada's Official Poverty Line is based would suggest that, on average, a family like Stephanie and Abdou's, living on the poverty line in Winnipeg, would have enough money to spend approximately the amounts shown below to meet their basic needs and maintain a modest standard of living over the course of a year:*



Winnipeg is one of 50 regions across the country where Canada's Official Poverty Line is calculated. During 2015, Canada's Official Poverty Line for a family of two adults and two children averaged \$37,542 across the 50 regions for which it is calculated, varying from \$32,871 in parts of the province of Quebec, to \$40,777 in parts of the province of Alberta. For individuals living on their own it is half as high, ranging from \$16,436 to \$20,389.

* Numbers may not add up due to rounding.

Disability Poverty

Let's go back to the graphic on page 3. It shows that 7.7% of people with disabilities (about half a million people) were living in poverty. This figure underestimates official poverty in several ways.

- The 7.7% figure refers to “deep income poverty” which is having income that is below 75% of Canada's Official Poverty Line. It does not include disabled Canadians with income above the deep poverty level but less than the official poverty level.
- This figure is based on the old basket. The new basket would show a higher rate of disability poverty.
- This graphic refers to disabled people age 15 or more. The Canada Disability Benefit aims primarily or entirely at people age 18-64. The low-income rate for the working-age group is likely higher than the rate for youth or seniors.

The message is that disability poverty is more common than the graphic suggests.

Why is there disability poverty? The Act broadly mentions barriers to employment and social and economic exclusion. The simpler answer is because many individuals can't earn enough through employment because of their disabilities, and alternative income sources are either unavailable, difficult to access or inadequate. Alternative income sources include programs like short- and long-term disability, CPP/QPP-Disability, vehicle accident insurance, workers compensation, and provincial/territorial welfare/disability programs.

Disability Criteria

Determining who qualifies as disabled will be a major issue. For seniors, the Old Age Security list is the starting point and the Guaranteed Income Supplement goes to those on the list who are low-income. There is no good existing list for Canada Disability Benefit payouts.

This problem arose when the government decided to make a one-time special Covid payment to people with disabilities. The government first announced that it would give the payment to people who had qualified for the Disability Tax Credit (DTC). It was pointed out that the DTC provided an incomplete list, so the government expanded the eligibility criteria to include people who had qualified for CPP/QPP-Disability and certain veterans programs (both of which have workforce attachment requirements). The government did not add

in provincial/territorial welfare/disability programs, workers compensation programs or private sector income support programs. Even with those additions, however, they would not have captured all working aged people with disabilities.

Some reasons why the DTC list is incomplete

- *The DTC's original purpose was to provide a tax reduction. There was no point in applying for the DTC if your income was so low that you didn't owe any taxes. Nowadays, there are other advantages that come with qualifying for the DTC, but often not enough to justify the effort and expense of applying.*
- *The eligibility criteria are selective. Certain activities are listed, but “no other activity, including working, housekeeping or a social or recreational activity, shall be considered as a basic activity of daily living”.*
- *For the activities that are included, the test is being unable or taking three times as long to do them. Other work-around strategies aren't considered, like severely limiting the amount you walk, getting dressed up only when absolutely necessary or having meals delivered on a regular basis.*
- *Applications need to be signed by a health professional. They can be hard to find and may charge for this service.*

Other Criteria

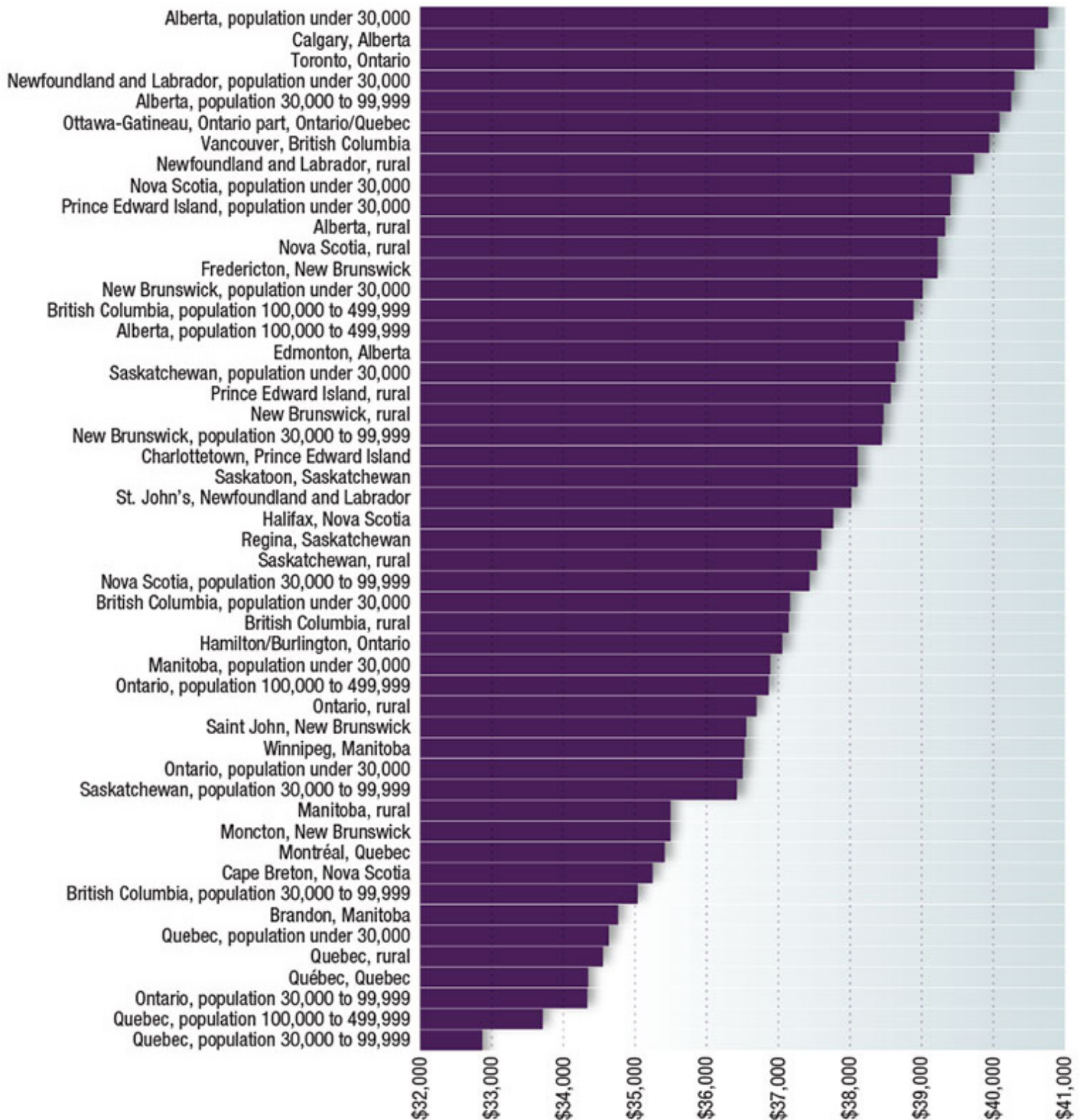
There are a lot of issues that need to be worked through such as what counts as income, what the income threshold should be, whether to consider individual or family income, whether the threshold should change depending on where you live, and what obligation if any there will be on recipients to try to work.

The Act refers to low-income. Low income will almost certainly be determined using tax returns, so people who do not file could find themselves left out.

Time residing in Canada is a consideration for the Old Age Security/Guaranteed Income Supplement and could be used in the Canada Disability Benefit.

The Act refers to working-age poverty, so the age range will almost certainly be from 18 to 64 inclusive. There is a chance other ages will be included in special circumstances, such as disabled youth who are not part of a family or disabled seniors who don't qualify for full seniors benefits because of residency rules.

2015 Canada's Official Poverty Line by region



Payment Amounts

For a start, it is likely that the payments will be income based rather than needs based. As mentioned earlier, a needs based approach would take into account extra expenses which are quite individual. There is a model for addressing individual needs, the National Disability Insurance Scheme (NDIS) in Australia. This could be a complementary program.

Old Age Security (OAS) currently pays about \$8,500 per year for people aged 65-74 (and about \$9,300 per year for people aged 75+). For single seniors with long time residence in Canada and no income in the previous year other than OAS, the Guaranteed Income Supplement adds about \$12,500. That raises annual income for younger seniors to around \$21,000. That is below the official poverty line, but not as far below. Because of the way the system was designed, people with some income would receive enough to get over the poverty line.

The problem for the Canada Disability Benefit is that there is not a standard base amount. The organization Maytree publishes an annual report looking at welfare income in Canada. The 2022 report shows that provincial welfare payments for unattached singles with disabilities and no income runs from about \$11k to \$21k. While it would be mathematically correct to give higher Canada Disability Benefit payments to people living in the provinces that pay less, this would be politically controversial.

<https://maytree.com/changing-systems/data-measuring/welfare-in-canada/all-canada/> and look for download the data

It is therefore likely the Canada Disability Benefit would have a set maximum payment amount like the GIS and that the amount would be reduced somewhat when there is existing income. One suggestion is that the amount be roughly the difference between the official poverty line averaged across Canada and the deep poverty line (75% of that). The underlying assumption would be that existing programs would pay people up to the deep poverty level, so the Canada Disability Benefit would pay very roughly \$6k-\$7k/year in the provinces, probably more in the territories. Many people with disabilities do not receive income even at the deep poverty level so this would not be enough to lift them from poverty.

Other payment issues include whether the payments are based on the family situation or the length of residency in Canada, the frequency of payments (likely monthly), and indexation.

Administrative Issues

There will be other issues to be sorted out about the application and appeal process and about program administrative matters. Discussion should take place on how to inform people about the program. A document discussing many of these issues can be found here: <https://prospercanada.org/CMSPages/GetFile.aspx?guid=6d1f0b19-b4c5-4c42-a4cd-07e328912a46>

The Extra Income

How are people going to spend their extra income? Even before that, it is important to ask whether they are even going to see extra income.

There is concern that, as the federal government makes payouts, the provinces and territories will reduce their disability payments by an equivalent amount. Or that long term disability payments will be reduced. Or that rents will go up or rent subsidies will go down. Or that support programs will start charging more or providing less. Or that certain items won't be free any more. Some of these questions will be sorted out in advance, but some will just happen.

Next Steps

The National ME/FM Action Network has written the Minister responsible for the implementation of the Act asking that the ME/FM community be part of the development of the regulations and that the Minister ensure that funding is included in the next federal budget. We copied several other officials – see page 11. We invite you to share this letter and this newsletter with your Member of Parliament.

We still do not know how the program will unfold so it is very early to give advice. It is likely that the Disability Tax Credit will be one entry point, so if you have the opportunity to apply, you might want to do so. Also, payments may require up-to-date tax returns, so if your tax filings are not up to date, you might want to consider sending them in.

In order to represent you well, we invite you to send us your feedback, experiences and ideas.



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Oct 26, 2023

Dear Minister Khara

Re: Canada Disability Benefit

The National ME/FM Action Network welcomes you to the position of Minister of Diversity, Inclusion and Persons with Disabilities.

Our organization represents Canadians with one or both of two chronic disabling conditions: Myalgic Encephalomyelitis (which is often referred to as chronic fatigue syndrome) and Fibromyalgia. The Canadian Community Health Survey (CCHS) shows that close to one million people in Canada have been diagnosed with one or both conditions and that the ME/FM community has high levels of disability, unemployment, poverty, food insecurity, social isolation and unmet needs.

According to the 2015-16 Canadian Community Health Survey, 8% of people aged 18 to 64 with family income below \$20k had a diagnosis of CFS and/or FM. The percentage would be considerably higher if non-disabled people were excluded. This means that the ME/FM community is an important stakeholder in working-aged disability poverty discussions.

The Canada Disability Benefit Act states that *"Within six months after the day on which this Act comes into force, the Minister must table in the House of Commons a report that sets out the manner in which the obligation to engage and collaborate with the disability community in relation to the development of regulations has been implemented."*

Please ensure that the report, due in December, recognizes the ME/FM community as an important stakeholder group and please give the National ME/FM Action Network an appropriate role in the development of the Canada Disability Benefit regulations. We hope to see funding for the Canada Disability Benefit in the 2024-5 federal budget.

Yours truly,

A handwritten signature in black ink, appearing to read "M Parlor".

Margaret Parlor
President

Recent Changes to the Disability Tax Credit

A number of people with ME/FM have qualified for the DTC. Generally, they used the “cumulative” provision which recognizes “significant” restrictions in two or more activities rather than “marked” restrictions in a single activity. The activities they have trouble with are often walking, feeding, dressing, mental activities and eliminating.

Talking about the cumulative provision, a senior Finance official wrote “An example of an individual in this situation is someone who can walk 100 metres, but then must take time to recuperate, or who can carry out the mental functions necessary for everyday life, but can concentrate on any topic for only a short period of time. While each of these restrictions on its own does not markedly restrict a specific basic activity of daily living, when taken together, they may have an effect equivalent to that of a marked restriction in a single activity.” (see Quest 124)

The eligibility requirements for the DTC are found in section 118.4 of the Income Tax Act. This Act was amended on June 23, 2022. One change expanded the subcategories of mental functions from three to ten. The application form T2201 (which is a certification by a health professional) was then amended as well.

The “mental functions necessary for everyday life” section of the new form is problematic for people with ME/FM in two main ways.

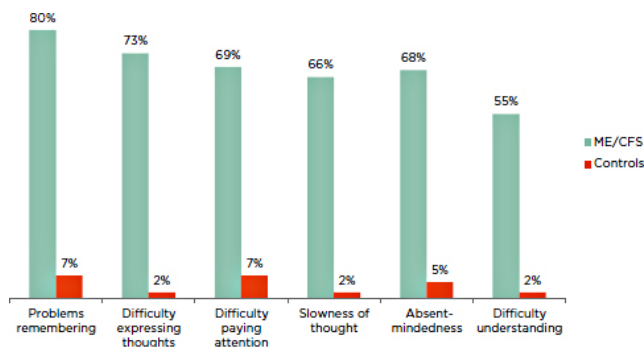
The first problem is vocabulary. Here is a bar chart borrowed from the IOM report showing the vocabulary that people with ME/FM use to express neurocognitive difficulties. https://www.ncbi.nlm.nih.gov/books/NBK284902/figure/fig_4_3/ It is challenging to place these symptoms into the form. Difficulty understanding and difficulty expressing thoughts might fit under “understand and respond to verbal information”. Problems remembering can probably fit under “remember material of importance and interest to themselves”. Difficulty paying attention and absent-mindedness probably fit somewhere under concentration (not attention). And slowness of thought does not seem to fit at all.

The second problem is showing significant restrictions. The old form gave the health professional five choices for each of the three sub-categories (no difficulty, mild, mild-to-moderate, moderate, moderate-to-severe,



and severe). A severe ranking would generally qualify someone for the DTC as having a marked restriction, while a moderate-to-severe ranking could be considered a significantly restriction. The new form has only three choices (no limitations, some limitations, very limited capacity). Very limited capacity would probably be equivalent to marked restriction. “Some limitations” is not the equivalent to significant restrictions. Thus, the form no longer gives people an easy way to qualify under the cumulative provisions using mental functions.

Problems with the mental functions section of the new form have been drawn to the attention of the Minister of National Revenue and the Minister for disabilities. If you want to use this section before the form is fixed, we suggest you ask your health advisor to include explanatory comments, even if this means submitting on paper rather than electronically.



Percentage of ME/CFS patients and healthy controls reporting neurocognitive manifestations of at least moderate severity that occurred at least half of the time during the past 6 months

The letter on page 9 was sent to:

The Honourable Kamal Khera, Minister of Diversity, Inclusion and Persons with Disabilities, kamal.khera@parl.gc.ca

Tracy Gray, Conservative critic for Employment, Future Workforce Development and Disability Inclusion, tracy.gray@parl.gc.ca

Louise Chabot, porte-parole du Bloc Québécois en matière de Travail, d'Emploi, de Développement de la main-d'œuvre et d'Inclusion des personnes en situation de handicap, louise.chabot@parl.gc.ca

Bonita Zarrillo, NDP Critic, Disability Inclusion, bonita.zarrillo@parl.gc.ca

Krista Wilcox, Director General, Office of Disability Issues, Employment and Social Development Canada, Krista.Wilcox@hrsdc-rhdcc.gc.ca

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